

FRANCHISE INFORMATION KIT 2019

LORD OF THE FRIES

Version 04 - January 2019

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WELCOME TO THE LORD OF THE FRIES FRANCHISING BUSINESS OPPORTUNITY. THIS INFORMATION KIT INTRODUCES OUR BUSINESS, ITS STRENGTHS, AND OUTLINES THE DYNAMICS OF OUR FRANCHISE SYSTEM.

Lord of the Fries is proud to offer franchises throughout Australia and to encourage you to share in our success as the purveyor of the best fries you will ever try with a side of burgers, hot dogs and munch boxes.

Applications to become a Lord of the Fries franchisee are welcome from people with a passion for business and customer service. Most importantly, we're looking for like-minded individuals to share in our passion of serving high quality, ethical fast food to our devoted fans.

The Lord of the Fries brand demonstrates our accomplishments, our pride and our exciting plans for the future in the fast food industry. It signifies our commitment to quality and teamwork and the ways we communicate with our customers, our team, our suppliers, our community, other stakeholders and each other.

Our Lord of the Fries franchisees are a key part of our team! While each retain an independent business, we will benefit together as a single strong, Australia-wide brand with group buying power.

After you read this Information Kit, you may have some questions. If you want to be part of an ethical fast food revolution, we want to hear from you.

**Mark Koronczyk, Sam Koronczyk
and Amanda Walker Koronczyk**

Lord of the Fries

A LETTER FROM THE FRANCHISORS

OUR COMPANY

“THEY WANTED FRESH POTATOES, THICK BUT NOT TOO THICK, CRISPY BUT NOT TOO CRUNCHY, DELICIOUS AND SAUCY, THE MISSION BEGAN.”

The idea behind Lord of the Fries began over late night snack excursions early in 2004 where founders, Mark and Mandy, met while living in Taiwan. Their love of fries drew them closer, while their conscience to help build a better world led them to look for alternative solutions to the chemical and beef-tallow-laden options on the market.

They wanted fresh potatoes, thick but not too thick, crispy but not too crunchy, delicious and saucy, the mission began.

It was the beginning of a fast food revolution.

Landing in Melbourne in August 2004, they decided to take ‘the best fries you will ever try’ to the people! What better way than a mobile chip van - now all they needed was a name.

This is where Sam Koronczyk (Mark’s brother) comes sizzling into the story. Being a creative wiz, he crowned the venture LORD OF THE FRIES.

The Lord was born.

The van was on the road by October and they were travelling around the country serving up golden crunchy fries in a cone, with home-made sauces, all inspired by flavours found across the globe. The people rejoiced!

Finally a fry that was:

- NOT drowned in beef tallow and juiced up with gluten
- NOT cooked in the cheapest oil money can buy;
- NOT smothered in watered down tomato sauce that had been sitting in a bain-marie since the beginning of time.

Late 2005, they acquired a permanent locale – in the heart of Melbourne at the iconic Flinders Street Station where they added burgers to the menu to compliment the large saucy coned fries.

Now you can decide for yourself, are they the best fries you’ve ever tried?



WHAT MAKES US DIFFERENT?

BUSINESS CONCEPT

This unique business concept focuses on selling the best tasting vegan products, of the highest quality, to customers in both dine in and kiosk style locations and it has been successfully doing just that for over a decade.

PRODUCTS

The Franchisor has substantial purchasing power and as the franchise grows and the number of outlets increase, so too will the revenues, savings and benefits.

CONSISTENCY

To provide consistency and continuity of the Lord of the Fries experience, we have a detailed and documented system to follow.

RANGE OF PRODUCTS

Lord of the Fries offers a range of competitively priced vegan products from Fries, Nuggets, Onion Rings and Sauces to Mock Meat and Veggie Burgers and Hot Dogs, with an ever expanding menu with all sorts of Specials. It can all be packaged up into combos which makes for a quick, easy and delicious customer experience.

MARKETING ACTIVITIES

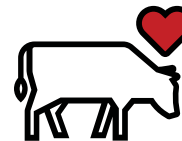
Lord of the Fries provides advice documentation and support to assist Franchisees to pursue marketing initiatives in their regions, or participate in nation-wide advertising to help grow the Lord of the Fries brand and the profitability of the store.

PROFESSIONALISM

Lord of the Fries prides itself on one on one customer service when dealing with customers as well as when dealing with Franchisees. We do everything we can to keep our franchisees happy and making money. We work with only the most reputable firms so that we can assist franchisees with the right advise and provide the best experience possible.

OPPORTUNITIES FOR GROWTH

Lord of the Fries is expanding at pace, whether that is because of the uptake of veganism and vegetarianism, the reduction of meat consumption amongst omnivores or simply because the products are so good, we are finding that Lord of the Fries is taking more and more of the market-share opening up the possibility of new sites in new areas all of the time.



THE BUSINESS



TO SERVICE THE GREAT DEMAND FOR THEIR PRODUCTS AND SERVICES, LORD OF THE FRIES INTENDS TO ESTABLISH COMPANY OWNED AND FRANCHISED STORES ALL OVER AUSTRALIA, NEW ZEALAND AND INDIA.

Business Resources

Our business systems are documented in comprehensive franchise operation manuals specifically designed for Lord of the Fries company owned and franchised stores. These include:

- Introduction & Orientation kit
- Essentials modules including Workplace Safety, Food Safety, Menu, and an Employee Handbook
- Front of House modules
- Kitchen Modules
- Leadership Modules and
- Franchisee Modules

Feedback from both customers and franchisees are considered to ensure the Operations Manual is always being updated to cover improvements in operations and the introduction of new products

Territories

Franchise territories will be allocated on a site by site basis.

ONGOING SUPPORT & TRAINING

OUR OPERATIONS MANAGER AND HIS TEAM IS ALWAYS AVAILABLE TO ANSWER THE QUESTIONS OF OUR FRANCHISEES AND HELP OUT HOWEVER POSSIBLE

Putting you in control of your business

Lord of the Fries offers ongoing training and support to help Franchisees in both the day-to-day operation and long-term development of the business. Your Lord of the Fries' training starts soon after you sign your Franchise Agreement. Prior to, or during, the build franchisees will spend 3-4 weeks at an existing Lord of the Fries store, where they will receive training in all aspects of operating the business. Your comprehensive training program will provide you with the skills to train your staff in the future.

The franchisee is expected to successfully complete all the training modules and also obtain a Food Handling Certificate from a recognised institution.

The ongoing support services include the following:

- **Training** – providing detailed training to assist Franchisees to run profitable and professional businesses.
- **Business analysis and advice** – support office is available to answer your questions and also carry out regular business analysis of Franchise operations.
- **Negotiating group purchase agreements and contracts** – Lord of the Fries Franchising Pty Ltd will negotiate with approved suppliers to obtain the best possible prices for group purchasing.
- **Marketing** – Dedicated marketing team to drive brand awareness and national campaigns.





HOW DOES FRANCHISING WORK?

WE GIVE YOU THE TOOLS AND ONGOING SUPPORT TO HELP YOU RUN YOUR OWN BUSINESS WHILE WE SEE THE BRAND GROW. WE TAKE A ONE OFF INITIAL FRANCHISE FEE AND ONGOING ROYALTIES, WHILE YOU KEEP YOUR PROFITS.

Follow Our Guidelines

Under the terms of the Franchise Agreement, Franchisees are obligated to use the business systems documented in the franchise manuals. The Franchisor provides both training and ongoing support, and it is conditional that Franchisees shall operate in accordance with the Franchise Agreement and the franchise manuals.

Our Franchise System

The Lord of the Fries franchise system ensures that each Franchisee works in collaboration with other Franchisees. The health and prosperity of each business strengthens the Lord of the Fries brand and this benefits each and every franchise. A growing number of successful franchises mean greater marketing and advertising power, more brand awareness and market penetration, new and improved systems, and more team members to share knowledge, ideas and strategies.

Working Hours

The working hours for a Lord of the Fries Franchising Pty Ltd are dependent on the location of the store, but a typical hours are:

City Locations

- Monday to Thursday 9.30am to 10.30pm
- Friday and Saturday 9.30am to 5.00am
- Sunday 10.00am to 10.30pm

Shopping Centres

Stores established in Entertainment precincts.

- Monday to Thursday 9.00am to 10.30pm
 - Friday, Saturday and Sunday 9.30am to 10.30pm, or later to coincide with the picture theatres hours
- Stores established in Food Courts as dictated by the Shopping Centre rules.



A TYPICAL DAY AT LORD OF THE FRIES

**ENSURING GREAT
CUSTOMER SERVICE**

MANAGING STAFF

MANAGING STOCK LEVELS

**KEEPING YOUR STORE
CLEAN AND WELL
MAINTAINED**

**MANAGING THE
BUSINESS SIDE OF THE
BUSINESS**

LIAISING WITH HEAD OFFICE

**MARKETING YOUR STORE
THROUGH LOCAL AREA
MARKETING ACTIVITIES**

FRANCHISE FINANCIALS

Historical Establishment Costs

The Lord of the Fries Franchising investment ranges from \$314,600 to \$493,800 plus GST.

This can vary to some degree and depends on the location, size and layout of your store and what existing Lessor works and services are in place.

Lord of the Fries has the power to negotiate great rent free periods and/or landlord contributions which can go a long way to lower the initial investment.

Ongoing costs

A Royalty Fee of 7% and Advertising Levy of 3% are payable weekly on Gross Sales exclusive of GST.

Return on investment

Operating profit is determined by many factors including operation location, gross sales, occupancy costs, wages, other miscellaneous costs and most importantly, the commitment of the Franchisee.

(Based on a 30m to 60m store)	Low	Medium	High
FRANCHISE RELATED COSTS			
Franchise Fee	\$60,000	\$60,000	\$60,000
Training Fee (training of key personal)	\$5,000	\$5,000	\$5,000
Site Selection Fee	\$9,000	\$9,000	\$10,000
Opening Promotion	\$4,000	\$4,000	\$5,000
Stock purchases	\$2,000	\$2,000	\$3,000
Staff training (wages paid to new employees)	\$5,000	\$7,500	\$10,000
Uniforms	\$400	\$500	\$700
UTILITIES AND SERVICES			
Electricity and gas	\$500	\$500	\$ 500
Telephone and Internet	\$200	\$200	\$200
Printing and Stationery	\$500	\$500	\$500
IT related costs	\$500	\$500	\$500
RENTAL COSTS			
Rental in advance	\$5,300	\$9,000	\$15,000
Bank Guarantee 3 months gross rental	\$21,200	\$27,000	\$45,000
Misc. rental related expenses	\$1,000	\$1,000	\$1,000
FIT OUT AND CONSTRUCTION			
Design fee	\$20,000	\$20,000	\$20,000
Fitout	\$110,000	\$183,000	\$222,000
Equipment	\$50,000	\$50,000	\$70,000
RISK MANAGEMENT AND PROFESSIONAL FEES			
Insurance	\$1,000	\$1,500	\$2,400
Accounting	\$1,500	\$1,500	\$2,000
Legal	\$1,500	\$1,500	\$2,000
Company Formation Expenses	\$1,000	\$1,000	\$1,000
Working Capital	\$15,000	\$15,000	\$18,000
TOTAL	\$314,600	\$400,700	\$493,800

These figures are all excluding GST

A wanted brand

With over 20 stores, Lord of the Fries is now a desired brand by landlords which allows us to negotiate more attractive leases. Historically the Lord of the Fries leasing agent has been able to negotiate fit-out contributions and or rent free periods or both which can help to significantly reduce the initial investment, these savings are not reflected in the table shown on this page.

1

You are instantly buying into a successful operating business with over 13 years of experience in the fast food industry.

2

Lord of the Fries have well tested Marketing and Advertising strategies to increase awareness of your franchise, as well as access to information relating to new products and opportunities.

3

Lord of the Fries provides a quality product with a high demand, good margins and good returns. This is a great chance to build your own business and create wealth.

4

Lord of the Fries is based on the Franchisor's extensive corporate background, with sound principles and practices. All products have been tried and tested.

5

Franchises generally have a greater success rate than most independent small businesses, and it is normally easier to gain access to capital for a franchise.

TEN GOOD REASONS TO JOIN US

6

Lord of the Fries already has a well-established brand name and strong reputation.

7

Lord of the Fries provides each franchise group purchasing power, business systems, and professional assistance with every aspect of developing and growing your own successful business.

8

The Lord of the Fries is unique in the fast food business.

9

Mark Koronczyk, Sam Koronczyk and Amanda Walker Koronczyk are passionate about the success of your Lord of the Fries store. The better you do, the stronger the Lord of the Fries brand becomes.

10

Lord of the Fries provides comprehensive training, operation manuals and ongoing support to Franchisees.

FAQ'S

Do I need previous experience in the hospitality industry?

Yes/No. While it is beneficial to have some hospitality and or customer service experience, it is not essential. People from all backgrounds can become successful Franchisees as long as they have the passion to succeed and an interest in great food. Lord of the Fries provides comprehensive training and support, so all you need are people skills, financial stability, a willingness to learn, enthusiasm for the concept and a real commitment to succeed.

If I take up a Lord of the Fries Franchise, what will the initial start up cost cover?

The initial cost covers most things required to get your business up and running, including the Franchise fee, plant and equipment to Lord of the Fries specifications, rights to use relevant Lord of the Fries trademarks, materials, and training. Information is provided on page 12 of this document.

What other costs will be involved?

Lord of the Fries will provide you with a comprehensive schedule of estimated costs, which will vary depending upon the location.

How many hours a day will I need to work?

Your Lord of the Fries franchise Agreement requires your business to operate on a full-time basis, but the amount of time you put in will determine the level of reward. Initially, as with any small business, more time is needed to set up and become familiar with the operation. Usually within six months, the hours become more regular.

Should I be involved in day-to-day operations of my business?

Yes, all Lord of the Fries franchisees need to be owner operators.

What if I need assistance with something?

Lord of the Fries has an experienced management support team to assist you with any queries or problems you may have. The Franchisor will visit you regularly to provide product updates and any reasonable assistance you may need. Assistance is only a phone call away.

Am I responsible for employing staff?

Yes. Your Franchise Agreement gives you the opportunity to employ your own staff, but if you have any problems, the Franchisor can offer advice. Feedback from present and past team members is generally obtained to maintain good staff relations.

What about training staff?

Lord of the Fries provides each Franchisee with full training detailing products, the business concept, and business systems. There is excellent ongoing Franchisee training programs and comprehensive, easy-to-read operation manuals.

What about advertising and promotional programs?

In addition to the Advertising Levy used to benefit all Franchisees and the brand, each Franchisee is expected to spend approximately 1% of their turnover on local self-promotion and marketing. Lord of the Fries management can advise and assist with campaigns and strategies.

How does Lord of the Fries assist in site selection?

Lord of the Fries has appointed a retail expert with ongoing relationships with real estate and shopping centre developers and who assists with location identification. They provide tools for reviewing sites formulated with experience-based criteria; provide consultation regarding location, visibility and demographics.

What about the design and set-up of the business?

The franchisor takes care of all of this, from design through to the completion of the fit-out while keeping the franchisee as involved as they want to be.

Is financing support available?

Yes. While Lord of the Fries does not offer financing themselves, they are pleased to discuss third party financing recommendations and can provide much of the documentation about the business opportunity to support your application.

HOW TO GET STARTED

1

Complete the two forms accompanying this franchise kit:

- Complete the Franchise Information Request Form. This form requires some personal details so that we can assess whether a Lord of the Fries franchise is the right option for you. Your personal details are protected in accordance with the Privacy Act 1988.
- Complete our Confidentiality Agreement. This form protects the Lord of the Fries franchising system and the investment made by other franchise owners.
- These documents allow us to provide you with confidential information and assess your suitability to become a Franchisee. It does not commit you to buying a Lord of the Fries franchise.

2

Return both completed forms to:
Richard McDonnell,
McDonnell McPhee
and Associates,
PO Box 2087, Camberwell
West, Vic 3124.
(T: 0418 329 387)

We will contact you and arrange to provide you with a more detailed business overview. Email address ramcdonnell@iprimus.com.au

3

A meeting will then be arranged to meet the Directors for an informal chat, giving you the opportunity to get an intimate understanding of the way in which the franchise works and an opportunity to ask any questions you may have. This also gives the directors an opportunity to ask you some questions. A franchise relationship is a long term relationship and both parties need to know that they will be comfortable working together.

4

Once we get to this stage, both parties have decided that they are happy to proceed. You will receive the Franchise Agreement and a Disclosure Document that contains details about franchising opportunities and the company. We can provide information and costing for the particular outlet of interest (if available) along with other information that you may want

5

We recommend that your solicitor and accountant look over the relevant documents so that all questions are answered and the potential for misunderstandings is eliminated. We invite your solicitor and accountant to contact us directly regarding any queries.

6

Execute the Franchise Agreement and Disclosure document, pay any outstanding fees and arrange initial training.



Important Privacy Information

Please read this information prior to completing the Franchise Information Request Form and Deed of Confidentiality Forms.

- Lord of the Fries supports the Privacy Act 1988 and the associated National Privacy Principles. You have various rights under the National Privacy Principles, including the right to access any information provided to Lord of the Fries.
- This information is being collected only for the purposes detailed and implied in the Lord of the Fries Information Request and Deed of Confidentiality. By completing this initial Franchise application and/or Deed of Confidentiality, you consent to this use. This information will not be used for any other purposes without your full consent.
- Lord of the Fries will not divulge any personal information to any person or organization unless we are obligated by law to provide that information.

This confidential information will be used to assess your suitability as a franchisee. This information will not be used or disclosed for any other purpose without your prior approval and at your request will be destroyed or returned to you if your application is unsuccessful. This application does not oblige either party in any way. Please complete these forms neatly in your own handwriting in black ink. In addition, please attach a current résumé for yourself and Partner(s). Lord of the Fries Franchising Franchisees are selected on the basis of experience, character, integrity, financial stability and general suitability. Please make sure all information is accurate and truthful. Append further information if required.

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**LORD
OF THE
FRIES**

**THANKS FOR ENQUIRING
ABOUT BECOMING A LORD OF
THE FRIES FRANCHISEE. THIS
COULD BE THE BEGINNING OF
SOMETHING AMAZING**

  @LORDOFTHEFRIES1

 @LORDOFTHEFRIESAU

 LORDOFTHEFRIES.COM.AU

100% PURE
VEGAN
L O V E